

KAZAKHSTAN STOCK EXCHANGE

Approved

by resolution No. 358 of the Directorate
of the National Securities Commission
of the Republic of Kazakhstan
of June 29, 1999

Adopted

by the decision of Kazakhstan Stock
Exchange members general meeting
(protocol No. 4 of June 21, 1999)

Effective

from June 29, 1999

NOTICE

Mentioned below Rules in English have been translated by employees of Kazakhstan Stock Exchange for information purposes only. In case of any incompliance of this translation with Rules original version in Russian, the latter prevails.

RULES

of Government Securities Admittance to Circulation on the Exchange

Almaty

1999

LIST OF AMENDMENTS

1. Changes and Additions No. 1:

- adopted by the decision of Kazakhstan Stock Exchange members of categories "K", "P", "H" (protocol No. 5 of August 8, 2000);
- approved by resolution No. 665 of the Directorate of the National Securities Commission of the Republic of Kazakhstan of September 18, 2000;
- effective from September 25, 2000.

These Rules define the order of government securities admittance to circulation on the Exchange.

Concepts used in these Rules mean the following:

"Exchange" – Kazakhstan Stock Exchange (*this paragraph was changed by the decision of the Exchange Council of January 15, 2004*);

"Government securities" – as they are defined in the law of the Republic of Kazakhstan "On the Budget System";

"Depository" – Central Securities Depository (*this paragraph was changed by the decision of the Exchange Council of April 14, 2005*);

"Listing commission" – the Exchange out-of-structural subdivision, formed of the Exchange employees and the Exchange Council representatives;

"Republican government securities" – government securities, issued by the Government of the Republic of Kazakhstan, the National Bank of the Republic of Kazakhstan;

"Securities of local executive bodies" – government securities, issued by local executive bodies.

"Financial consultant" – an organization implementing in compliance with an agreement with a local executive body activities on preparation of securities issue, counseling on organization the issue, and other functions in compliance with an agreement with a local executive body (*this paragraph was included by resolution No. 665 of the Directorate of the National Securities Commission of the Republic of Kazakhstan of September 18, 2000*);

- 1 Only government securities being in custody at the Depository are admitted to circulation on the Exchange.
2. Republican government securities, including securities issued on the territory and in compliance with the legislation of other states are admitted to circulation on the Exchange automatically upon the receipt by the Exchange of the information on registration of such securities issue.
3. Securities of local executive bodies are admitted based on the issuer's or one of the Exchange member's application with attachment of (*this paragraph was included by resolution No. 665 of the Directorate of the National Securities Commission of the Republic of Kazakhstan of September 18, 2000*):
 - the document, establishing the order of issue, circulation and maturity of securities of the local executive body, approved in compliance with the legislation of the Republic of Kazakhstan (*this paragraph was included by resolution No. 665 of the Directorate of the National Securities Commission of the Republic of Kazakhstan of September 18, 2000*);
 - the document (documents), establishing the borrowing volume for the local executive body in compliance with the existing legislation (*this paragraph was included by resolution No. 665 of the Directorate of the National Securities Commission of the Republic of Kazakhstan of September 18, 2000*);
 - the budget for the current financial year approved by the local maslikhat;
 - descriptions of investment projects for implementation of which will be allocated money obtained through securities issue;
 - reports of the budget implementation for the last three years, if available;
- 5) the data on budget withdrawals for the last three years and the current financial year (*this paragraph was included by resolution No. 665 of the Directorate of the National Securities Commission of the Republic of Kazakhstan of September 18, 2000*);
- 6) documents confirming the increase of the budget revenue and expenditure parts for amounts of bonds issue, their servicing and maturity (*this paragraph was included by resolution No. 665 of the Directorate of the National Securities Commission of the Republic of Kazakhstan of September 18, 2000*);
- 7) the investment memorandum, which must include description of (1) investment projects for implementation of which will be allocated money obtained through securities issue, (2) risks related to possible non-fulfillment by the local executive body of obligations on being issued securities. The investment memorandum must be submitted to the Exchange in an

electronic form and in two hard copies. Hard copies of the investment memorandum must be threaded, numbered, signed by the authorized persons of the local executive body, the financial consultant and the legal firm (if the financial consultant and the legal firm were involved into the issue preparation), which have the right of the first and the second signatures and sealed by their stamps. One hard copy of the investment memorandum remains at the Exchange, another is sealed by the Exchange stamp and is returned to the local executive body or its authorized person (*this paragraph was included by resolution No. 665 of the Directorate of the National Securities Commission of the Republic of Kazakhstan of September 18, 2000*);

- 8) the notarized card with samples of signatures and the stamp imprint of the local executive body (*this paragraph was included by resolution No. 665 of the Directorate of the National Securities Commission of the Republic of Kazakhstan of September 18, 2000*);
- 9) two copies of Agreements on circulation on the exchange trades of the local executive body securities, signed by the local executive body authorized person and sealed by the stamp. In case of the positive decision on admittance of the local executive body securities to circulation on the Exchange, one copy of the agreement signed by the Exchange is returned to the local executive body (*this paragraph was included by resolution No. 665 of the Directorate of the National Securities Commission of the Republic of Kazakhstan of September 18, 2000*);
- 10) the application of one of the Exchange members to implement functions of the market-maker of the local executive body securities being admitted to circulation on the Exchange.

This sub-item will be put into effect from January 1, 2001 and is not applied to issue of securities of local executive bodies admitted to circulation on the Exchange before January 1, 2001.

(This paragraph was included by resolution No. 665 of the Directorate of the National Securities Commission of the Republic of Kazakhstan of September 18, 2000).

4. Documents for admittance of securities of local executive bodies are considered by the Listing Commission during 10 business days beginning the day of submission of the last of documents specified in sub-item 3.
5. The Listing Commission based on the analysis of financial indicators and the quality of submitted documents has the right to reject admittance of local executive bodies' securities to circulation on the Exchange.
6. The Listing Commission decision to reject admittance of local executive bodies' securities can be appealed in the Exchange Council during 10 business days beginning the day of the rejection receipt.
7. The issue on admittance of local executive bodies' securities is considered by the Exchange Council during 5 business days after submission of the Listing Commission conclusion.
8. The local executive body, whose securities are admitted to circulation on the Exchange, must pay the Exchange the listing fee the amount and the order of payment of which is determined by the Exchange Council (*this paragraph was included by resolution No. 665 of the Directorate of the National Securities Commission of the Republic of Kazakhstan of September 18, 2000*).
9. In case of securities admittance to circulation the local executive body during the entire period of bonds circulation must submit to the Exchange the following:
 - 1) reports of the budget implementation for the current year;
 - 2) data on implementation of current obligations on issued securities in compliance with terms of their issue;
 - 3) budgets for financial years following the year of placement, as they are approved;
 - 4) the information on the budget withdrawals size for financial years following the year of placement, as they are approved;
 - 5) the information on investment projects for implementation of which were allocated money obtained through securities issue;

- 6) the data on implementation of current obligations to securities holders;
- 7) other information related to changes of the local executive body activities.

(This paragraph was included by resolution No. 665 of the Directorate of the National Securities Commission of the Republic of Kazakhstan of September 18, 2000).

10. Local executive bodies' securities circulation can be temporarily suspended or dismissed based on the Exchange Council decision in the following cases:

- 1) the local executive body does not fulfill or untimely fulfill obligations established by securities issue terms;
- 2) the local executive body does not meet requirements established by items 8 and 9 of these Rules;
- 3) all market-makers of this issue securities of the local executive body refused fulfilling of their obligations.

This sub-item will be put into effect from January 1, 2001 and is not applied to issue of securities of local executive bodies, admitted to circulation on the Exchange before January 1, 2001.

(This paragraph was included by resolution No. 665 of the Directorate of the National Securities Commission of the Republic of Kazakhstan of September 18, 2000).

President

D. Karasaev